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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

Hearing Date: January 9, 2023 @ 10:00 a.m. ET

Obj. Deadline: January 2, 2023

**Oral Argument Waived Unless Objections Timely
Filed**

**NOTICE OF DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING AND
APPROVING PROCEDURES FOR REJECTION OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES**

PLEASE TAKE NOTICE that on January 9, 2022 at 10:00 a.m. (ET), or as soon thereafter as counsel may be heard, the above-captioned debtors and debtors in possession (collectively, the "Debtors"), by and through their undersigned proposed counsel, shall

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

move (the “Motion”) before the Honorable Michael B. Kaplan, Chief United States Bankruptcy Judge, in Courtroom #8 of the United States Bankruptcy Court for the District of New Jersey (the “Bankruptcy Court”), 402 East State Street, Trenton, New Jersey 08608, or such other physical or virtual location as may be determined by the Court, for entry of an order, substantially in the form submitted herewith, establishing procedures for the rejection of executory contracts and unexpired leases.

PLEASE TAKE FURTHER NOTICE that in support of the Motion, the Debtors shall rely upon the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First Day Motions* and the *Declaration of Mark A. Renzi in Support of Debtors’ Second Day Motions*, which set forth the relevant factual bases upon which the relief requested should be granted. A proposed Order granting the relief requested in the Application is also submitted herewith.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall: (i) be in writing, (ii) state with particularity the basis of the objection; (iii) conform with the Bankruptcy Court’s *Order Granting Debtors’ Motion to Establish Certain Notice, Case Management, and Administrative Procedures* [Doc. No. 54], and (iv) be filed with the Clerk of the United States Bankruptcy Court electronically by attorneys who regularly practice before the Bankruptcy Court in accordance with the *General Order Regarding Electronic Means for Filing Signing, and Verification of Documents* dated March 27, 2002 (the “General Order”) and the *Commentary Supplementing Administrative Procedures* dated as of March 2004 (the “Supplemental Commentary”) (the General Order, the Supplemental Commentary and the User’s Manual for the Electronic Case Filing System can be found at www.njb.uscourts.gov, the official

website for the Bankruptcy Court) and, by all other parties-in-interest, on CD-ROM in Portable Document Format (PDF), and shall be served in accordance with the General Order and the Supplemental Commentary, so as to be received no later than seven (7) days before the hearing date set forth above.

PLEASE TAKE FURTHER NOTICE that unless responses are timely and properly filed and served, the Motion shall be decided on the papers in accordance with D.N.J. LBR 9013-3(d), and the relief requested may be granted without further notice or hearing.

Dated: December 19, 2022

/s/ Michael D. Sirota

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:
BLOCKFI INC., *et al.*,
Debtors.¹

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

**DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING AND
APPROVING PROCEDURES FOR REJECTION OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES**

TO: THE HONORABLE CHIEF JUDGE MICHAEL B. KAPLAN
UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY

BlockFi Inc. and its debtor affiliates (collectively, the "Debtors"), as debtors and debtors-in-possession in the above-referenced Chapter 11 cases (the "Chapter 11 Cases") hereby file this

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

Debtor's Motion for Entry of an Order Authorizing and Approving Procedures for Rejection of Executory Contracts and Unexpired Leases (the "Motion"). In support of the Motion, the Debtors respectfully state as follows:

Jurisdiction and Venue

1. The United States Bankruptcy Court for the District of New Jersey (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference to the Bankruptcy Court Under Title 11*, entered September 18, 2012 (Simandle, C.J.). The Debtors confirm their consent to the Court entering a final order in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a), 365, and 554 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

Background

4. On November 28, 2022 (the "Petition Date"), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors' Chapter 11 Cases and this Motion are set forth in greater detail in the *Declaration of Mark Renzi in Support of the Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration") and the *Declaration of Mark Renzi in Support of the Second Day Motions* (the "Second Day Declaration"), incorporated by reference herein.

5. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 29, 2022, this Court entered an order granting the procedural consolidation and joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). The Debtors' cases are being jointly administered under lease Case No. 22-19361 pursuant to Bankruptcy Rule 1015 [Docket No. 42]. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases, and no official committees have been appointed or designated.

Relief Requested

6. In the ordinary course of business, the Debtors are party to thousands of executory contracts (the "Contracts") and unexpired leases (the "Leases"), which include leases of real and personal property as well as agreements with vendors for the supply of goods and services and other Contracts related to the Debtors' businesses. In connection with their efforts to preserve and maximize the value of their estates through the prosecution of these Chapter 11 Cases, the Debtors, in their business judgment, may determine that certain burdensome Contracts and Leases should be rejected rather than allowing the Debtors' estates to accrue administrative expenses associated with such Contracts and Leases. In addition, the Debtors may determine, in their business judgment, that they no longer need certain executory contracts related to their business as a whole.

7. The Debtors believe that the Rejection Procedures (defined herein) will streamline their ability to reject burdensome Contracts and Leases that no longer provide a benefit to the Debtors' estates while also providing parties in interest with adequate notice of the rejection of a Contract and/or Lease and an opportunity to object to such relief within a reasonable time period. Absent the relief requested in this Motion, the Debtors would be required to file separate motions to reject individual Contracts and Leases, resulting in substantial costs to, and administrative

burdens on, the Debtors' estates as well as on the Court's docket and calendar. To streamline this process, the Debtors hereby request entry of an order substantially in the form attached hereto as **Exhibit A** (the "Order") approving the Rejection Procedures contemplated herein. As such, the proposed procedures for rejection of Contracts and Leases are appropriate and necessary to limit the costs and administrative burdens that otherwise would be borne by the Debtors' estates. Accordingly, the Debtors request that the Court approve the Rejection Procedures and authorize the Debtors to take any and all actions as may be necessary to implement and effectuate the Rejection Procedures.

The Proposed Rejection Procedures

8. The Debtors request that the following procedures be authorized and approved in connection with the rejection of any Contract or Lease during the course of the Debtors' Chapter 11 Cases (the "Rejection Procedures"):

- a. Rejection Notice. The Debtors will file a notice (the "Rejection Notice"), setting forth the proposed rejection of one or more Contracts and/or Leases and will serve the Rejection Notice via overnight delivery service, email, or fax on: (1) the non-Debtor counterparty (and its counsel, if known) under the respective Contract or Lease at the last known address available to the Debtors (the "Counterparty"); (2) any party known to assert a lien in any property subject to the rejected Contract or Lease; (3) counsel to any official committee appointed in these Chapter 11 Cases, and (4) the Office of the United States Trustee for the District of New Jersey (collectively, the "Rejection Notice Parties").
- b. Content of Rejection Notice. The Rejection Notice shall be substantially in the form attached as EXHIBIT 1 to the proposed order. With respect to any real property Leases,² the Rejection Notice shall set forth the following information, to the best of the Debtors' knowledge: (1) the street address of the related real property; (2) the name and address of the landlord (the "Landlord"); and (3) the date on which the Debtors will vacate (or have vacated) the leased premises (the "Leased Premises"). With respect to Contracts or Leases to be rejected, the Rejection Notice shall set forth the following information, to the best of the Debtors' knowledge: (1) the name and address of the Counterparty and (2) a brief

² As noted in the First Day Declaration, the Debtors have very few real property leases but also lease certain equipment/personal property and are parties to thousands of executory contracts.

description of the Contract or Lease to be rejected. All Rejection notices will be accompanied by a copy of the proposed order approving the rejection of the Contracts and/or Leases set forth on the Rejection Notice (each such order, a “Rejection Order”), substantially in the form attached to the Rejection Notice as EXHIBIT A.

- c. Objections. Should a party in interest object to the Debtors’ proposed rejection of a Contract or Lease, such party must file and serve a written objection (an “Objection”) so that such objection is filed with the Court and actually received by the following parties no later than fourteen (14) calendar days after the Rejection Notice is filed: (1) proposed attorneys for the Debtors and Debtors in Possession, Cole Schotz P.C., Court Plaza North, 25 Main Street, Hackensack, New Jersey 07602, Attn: Michael D. Sirota, Esq., msirota@coleschotz.com, Warren A. Usatine, Esq., wusatine@coleschotz.com, and Haynes and Boone, LLP, 30 Rockefeller Plaza, 26th Floor, New York, NY 10112, Attn: Richard Kanowitz, Esq., richard.kanowitz@haynesboone.com, and Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219, Attn: Eli Columbus, Esq., eli.columbus@haynesboone.com, and Jordan Chavez, Esq., jordan.chavez@haynesboone.com, and Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022 Attn: Joshua Sussberg, Esq., jsussberg@kirkland.com and Christine Okike, Esq., christine.okike@kirkland.com; (2) Office of the United States Trustee, One Newark Center, 1085 Raymond Boulevard, Suite 2100, Newark, New Jersey 07102 Attn: Jeffrey M. Sponder, Esq. and Lauren Bielskie, Esq.; and (3) counsel to any official committee appointed in these Chapter 11 Cases (collectively, the “Objection Notice Parties”). Each Objection must state with specificity the ground for objecting to the proposed rejection of the Contract or Lease and/or abandonment of Remaining Property (as defined and discussed below), as applicable.
- d. Effects of Failing to File an Objection to a Rejection Notice. If no Objection to a Rejection Notice is timely filed and served the Debtors may submit the Rejection Order to the Court providing that the applicable Contract or Lease shall be deemed rejected on the effective date set forth in the Rejection Notice (the “Rejection Date”); provided, however that the Rejection Date for a real property Lease shall not be earlier than the later of (i) the date the Debtors file and serve a Rejection Notice for the real property Lease and (ii) the date the Debtors relinquish control of the applicable Leased Premises by notifying the affected Landlord in writing of the Debtors’ irrevocable surrender of the premises. Upon the Rejection Date, any personal property or furniture fixtures, and equipment (the “Remaining Property”) remaining on the Leased Premises shall be deemed abandoned by the Debtors. The Landlords may dispose of any Remaining Property, in their sole discretion, free and clear of all liens, claims, encumbrances, and interests, and without any liability to the Debtors and their estates and any third-party and without waiver of any claim the Landlord may have against the Debtors and their estates.
- e. Effects of Filing an Objection to a Rejection Notice. If a timely Objection to a Rejection Notice is filed and received in accordance with the Rejection Procedures,

the Debtors shall schedule a hearing on such Objection and shall provide at least seven (7) days' notice of such hearing to the objecting party and the Objection Notice Parties. If the Court upholds the Debtors' determination to reject the applicable Contract or Lease, then the applicable Contract or Lease shall be deemed rejected (i) as of the Rejection Date or (ii) as otherwise determined by the Court as set forth in any order overruling such Objection.

- f. Consent Orders. Any Objection may be resolved without a hearing by an order of the Court submitted on a consensual basis by the Debtors and the objecting party.
- g. Deadlines for Filing Claims. Claims arising out of the rejection of Contracts or Leases must be filed on or before the later of (i) the deadline for filing proofs of claims established by the Court in these Chapter 11 Cases or (ii) thirty (30) days after the date of entry of the applicable Rejection Order. If no proof of claim is timely filed, such claimant shall not be treated as a creditor with respect to such claims for voting on any Chapter 11 plan in these Chapter 11 Cases and shall be forever barred from asserting a claim for rejection damages and from participating in any distributions that may be made in connection with the Debtors' bankruptcy cases.
- h. Treatment of Security Deposits. If the Debtors have deposited funds with a Counterparty or Landlord as a security deposit or other arrangement, such Counterparty or Landlord may not setoff or otherwise use such deposit without the prior authority of this Court or agreement of the Debtors.

9. In connection with the foregoing Rejection Procedures, the Debtors also request that they be authorized to execute and deliver all instruments and documents and take such other actions as may be necessary or appropriate to implement and effectuate the Rejection Procedures, and that entry of the proposed order be without prejudice to the Debtors' right to seek further, other, or different relief regarding the Contracts or Leases.

Basis for Relief

A. Rejection of the Contracts and Leases is a Sound Exercise of the Debtors' Business Judgment.

10. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, "subject to the court's approval, may . . . reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a); *see Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992). The principal purpose of Section 365(a) is to allow a debtor in possession or

trustee “to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” *Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (quoting *Phoenix Expl., Inc. v. Yaquinto (In re Murexco Petroleum, Inc.)*, 15 F.3d 60, 62 (5th Cir. 1994)). Rejection of an executory contract or unexpired lease is appropriate where rejection of the contract or lease would benefit the estate. *See L.R.S.C. Co. v. Rickel Home Ctrs., Inc. (In re Rickel Home Ctrs., Inc.)*, 209 F.3d 291, 298 (3d Cir. 2000); *see also Sharon Steel Corp. v. Nat’l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39 (3d Cir. 1989).

11. The decision to reject an executory contract or unexpired lease is a matter within the “business judgment” of the debtor. *See NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) (“The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.”), *aff’d* 465 U.S. 513 (1984); *see also Comput. Sales Int’l, Inc. v. Fed. Mogul (In re Fed. Mogul Glob., Inc.)*, 293 B.R. 124, 126 (D. Del. 2003); *In re HQ Glob. Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003). The business judgment standard mandates that a court approve a debtor’s business decision unless the decision is the product of bad faith, whim, or caprice. *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); *see also Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315-16 (Bankr. D. Utah 1981) (absent extraordinary circumstance, court approval of a debtor’s decision to assume or reject an executory contract “should be granted as a matter of course.”). Accordingly, if a debtor’s business judgment has been reasonably exercised, a court should approve assumption or rejection of an unexpired executory contract. *See Fed. Mogul*, 293 B.R. at 126.

12. The Debtors submit that any Contract or Lease that they seek to reject pursuant to the Rejection Procedures will be a contract or lease that is financially burdensome and unnecessary

to the Debtors' operations. Moreover, before rejecting any of the Contracts or Leases, the Debtors will have ensured that the Contracts and Leases are of inconsequential value and benefit to the Debtors' estates and are unlikely to generate any net proceeds to the estates. Accordingly, the Debtors will have determined that continued performance under the Contracts and Leases constitutes an unnecessary depletion of value of the Debtors' estates and, therefore, rejection of the Contracts and Leases reflects the Debtors' exercise of sound business judgment.

13. In addition, in the exercise of their business judgment, the Debtors may determine to leave certain personal property at the Leased Premises. To the extent that the Debtors leave any Remaining Property at the Leased Premises, the Debtors request that such Remaining Property be deemed abandoned pursuant to Section 554 of the Bankruptcy Code.

14. Section 554(a) of the Bankruptcy Code provides that "[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." 11 U.S.C. § 554(a). Prior to abandoning any Remaining Property pursuant to the Rejection Procedures, the Debtors will have determined that the Remaining Property to be abandoned by the Debtors is either: (i) burdensome to the estates to the extent that removal and storage of this property is likely to exceed any net proceeds from the property or (ii) of inconsequential value and benefit to the estates. *See, e.g., In re Cont. Rsch. Sols., Inc.*, No. 12-11004, 2013 WL 1910286, at *4 (Bankr. D. Del. May 1, 2013) (finding that abandonment of property was appropriate when it posed no threat to public safety and did not contravene any law or regulation; the debtor "need only demonstrate that [it] has exercised sound business judgment in making the determination to abandon.") (citation omitted). Accordingly, should the Debtors abandon any Remaining Property, such abandonment will reflect the Debtors'

exercise of sound business judgment, taking into account the best interests of the Debtors, their estates, their creditors and other parties in interest.

15. Given the considerable number of Contracts and Leases that the Debtors may seek to reject, obtaining Court approval of each rejection and the abandonment of any related Remaining Property would impose unnecessary burdens on the Debtors and the Court, and result in costs to the Debtors' estates that would correspondingly decrease the economic benefit of rejection. Thus, the Debtors propose to streamline the process as set forth in the Rejection Procedures, consistent with applicable law, in order to minimize potential costs to the Debtors' estates and reduce the burden on the Court's docket, while protecting Counterparties and Landlords by providing such parties notice and an opportunity to object to the proposed rejection.

16. For the foregoing reasons, the Debtors submit that adoption of the Rejection Procedures, including those related to the abandonment of any Remaining Property, is in the best interest of their estates and creditors and all other parties in interest.

B. The Rejection Procedures Provide Reasonable Notice and Hearing

17. As a procedural matter, Bankruptcy Rule 9014 provides, in part, that "reasonable notice and opportunity for hearing shall be afforded the party against whom the relief is sought." *See* FED. R. BANKR. P. 9014(a).³ The notice and hearing requirements for contested matters under Bankruptcy Rule 9014 are satisfied if appropriate notice and an opportunity for hearing are given in light of the particular circumstances. *See* 11 U.S.C. §102(1)(A) defining "after notice and a hearing" or a similar phrase to mean such notice and an opportunity for a hearing "as is appropriate in the particular circumstances.").

³ Bankruptcy Rule 9014 is made applicable to a motion to reject by Bankruptcy Rule 6006(a), which provides that "[a] proceeding to . . . reject . . . an executory contract or unexpired lease, other than as part of a plan, is governed by Rule 9014." FED. R. BANKR. P. 6006(a).

18. The Counterparties and Landlords will not be prejudiced by the Rejection Procedures because, upon receipt of the Rejection Notice, Landlords and Counterparties will receive notice of the proposed effective date of the rejection and opportunity to object. *See, e.g., In re Mid Region Petroleum, Inc.*, 111 B.R. 968, 970 (Bankr. N.D. Okla. 1990) (holding effective date of rejection of leases was the date the trustee gave notice to lessor of intent to reject.) Also, in the case of any real property Leases, the Debtors intend to vacate the Leased Premises by the date specified in the Rejection Notice, thereby allowing the Landlords to take possession of the property. *See, e.g., Adelphia Bus. Sols., Inc. v. Abnos*, 482 F.3d 602, 608-09 (2d Cir. 2007) (holding bankruptcy court did not abuse its discretion in finding balance of equities favored making rejection of any nonresidential lease of real property retroactive to date tenant vacated the premises, as tenant's action provided landlord with opportunity to relet premises); *In re New Valley Corp.*, No. 98-982. 2000 WL 1251858, at *15–16 (D.N.J. Aug. 31, 2000) (holding bankruptcy court properly exercised its discretion in adjusting the effective date of rejection from the date the court signed the order authorizing rejection to the date on which the debtor vacated and the landlord exercised control over the property); *In re Amber's Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (holding that lease at issue should be deemed rejected as of the petition date due to equities of the case where the debtor vacated the premises and served the motion to reject lease as soon as possible).

19. The Debtors submit that the Rejection Procedures balance the need for an expeditious reduction of potentially burdensome costs to the Debtors' estates, while providing appropriate notice of the proposed rejection to the Landlords and Counterparties. The Rejection Procedures are appropriately tailored to minimize potential administrative expenses, maximize the

recovery for creditors in these Chapter 11 Cases, and with respect to the real property Leases, return control of the affected Leased Premises to the Landlords in an efficient manner.

C. The Rejection Procedures Comply with Bankruptcy Rule 6006(f)

20. Bankruptcy Rule 6006(f), in relevant part, requires that a motion to reject multiple executory contracts or unexpired leases:

(1) state in a conspicuous place that parties receiving the omnibus motion should locate their names and their contracts or leases listed in the motion;

(2) list parties alphabetically and identify the corresponding contract or lease;

...

(5) be numbered consecutively with other omnibus motions to assume, assign, or reject executory contracts or unexpired leases; and

(6) be limited to no more than 100 executory contracts or unexpired leases.

FED. R. BANKR. P. 6006(f).

21. The Rejection Procedures satisfy Bankruptcy Rule 6006(f). The clear purpose of Bankruptcy Rule 6006(f), as amended, is to protect the due process rights of parties to the Contracts and Leases. Counterparties must be able to locate their Contracts or Leases and readily determine whether their Contracts or Leases are being rejected. Through the Rejection Procedures, the Debtors will comply with all applicable procedural requirements of Bankruptcy Rule 6006(f) when serving the Rejection Notices.

Notice

22. Notice this Motion has been provided to (i) the Office of the United States Trustee for Region 3; (ii) the holders of the fifty (50) largest unsecured claims against the Debtors; (iii) the Internal Revenue Service; and (iv) the United States Attorney's Office for the District of New

Jersey. The Debtors submit that, in view of the facts and circumstances, such notice is sufficient, and no other or further notice need be provided.

No Prior Request

23. No previous request for the relief sought herein has been made by the Debtors to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter the Order, substantially in the form submitted herewith granting the relief requested and such other or further relief as is just and proper.

Respectfully submitted,

Dated: December 19, 2022

/s/ Michael D. Sirota

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EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J. LBR 9004-1(b)

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Proposed Attorneys for Debtors and Debtors in Possession

In re:

BLOCKFI INC., *et al.*,

Debtors¹

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

Hearing Date: January 9, 2023 @ 10:00 a.m. ET

**ORDER AUTHORIZING AND APPROVING PROCEDURES FOR REJECTION OF
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

The relief set forth on the following pages, numbered two (2) through five (5) and the exhibit(s) attached hereto, is hereby **ORDERED**.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

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Debtors: BlockFi Inc.
Case No. 22-19361(MBK)
Caption of Order: ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING PROCEDURES FOR REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Upon the motion (the "Motion")¹ of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order pursuant to Sections 105(a), 365, and 554 of title 11 of the United States Code (the "Bankruptcy Code"), and Rules 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") establishing procedures for the rejection of executory contracts and unexpired leases and abandonment of personal property as more fully set forth in the Motion; and the Court having jurisdiction to decide the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a), (b) and 1334(b); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion having been given as provided in the Motion; and such notice having been adequate and appropriate under the circumstances; and it appearing that no other notice of Motion need be provided; and the Court having held a hearing to consider the relief requested in the Motion (the "Hearing"); and the Court having reviewed the Motion, the First Day Declaration, and the Second Day Declaration; and upon the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion and granted herein is in the best interests of the Debtors, their respective estates and creditors and all parties in interest; that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

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Debtors: BlockFi Inc.
Case No. 22-19361(MBK)
Caption of Order: ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN
ORDER AUTHORIZING AND APPROVING PROCEDURES
FOR REJECTION OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES

1. The Motion is **GRANTED** as set forth herein.
2. The following Rejection Procedures are authorized and approved:
 - a) Rejection Notice. The Debtors will file a notice (the "Rejection Notice"), setting forth the proposed rejection of one or more Contracts and/or Leases and will serve the Rejection Notice via overnight delivery service, email, or fax on: (1) the non-Debtor counterparty (and its counsel, if known) under the respective Contract or Lease at the last known address available to the Debtors (the "Counterparty"); (2) any party known to assert a lien in any property subject to the rejected Contract or Lease; (3) counsel to any official committee appointed in these Chapter 11 Cases, and (4) the Office of the United States Trustee for the District of New Jersey (collectively, the "Rejection Notice Parties").
 - b) Content of Rejection Notice. The Rejection Notice shall be substantially in the form attached as EXHIBIT 1 to this Order. With respect to real property Leases, the Rejection notice shall set forth the following information, to the best of the Debtor's knowledge: (2) the street address of the related real property; (2) the name and address of the landlord "the Landlord"; and (3) the date on which the Debtors will vacate (or have vacated) the Leased Premises. With respect to all Contracts or Leases to be rejected, the Rejection Notice shall set forth the following information, to the best of the Debtors' knowledge: (1) the name and address of the Counterparty; and (2) a brief description of the Contract or Lease to be rejected. All Rejection Notices will be accompanied by a copy of the proposed order approving the rejection of the Contracts and/or Leases set forth on the Rejection Notice (each such order, a "Rejection Order"), substantially in the form attached to the Rejection Notice as EXHIBIT A.
 - c) Objections. Should a party in interest object to the Debtors' proposed rejection of a Contract or Lease, such party must file and serve a written objection (an "Objection") so that such objection is filed with the Court and actually received by the following parties no later than fourteen (14) calendar days after the date the Rejection Notice is filed: (1) proposed attorneys for the Debtors, Cole Schotz P.C., Court Plaza North, 25 Main Street, Hackensack, New Jersey 07602, Attn: Michael D. Sirota, Esq., msirota@coleschotz.com, Warren A. Usatine, Esq., wusatine@coleschotz.com, and Haynes and Boone, LLP, 30 Rockefeller Plaza, 26th Floor, New York, NY 10112, Attn: Richard Kanowitz, Esq., richard.kanowitz@haynesboone.com, and Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219, Attn: Eli Columbus, Esq., eli.columbus@haynesboone.com and Jordan Chavez, Esq., jordan.chavez@haynesboone.com, and Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Joshua Sussberg, Esq., jsussberg@kirkland.com and Christine Okike, Esq., christine.okike@kirkland.com; (2) Office of the United States Trustee, One Newark Center, 1085 Raymond Boulevard, Suite 2100, Newark, New Jersey

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Debtors: BlockFi Inc.
Case No. 22-19361(MBK)
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07102 Attn: Jeffrey M. Sponder, Esq. and Lauren Bielskie, Esq.; and (3) counsel to any official committee appointed in these Chapter 11 Cases (collectively, the "Objection Notice Parties"). Each Objection must state with specificity the ground for objecting to the proposed rejection of the Contract or Lease and/or abandonment of Remaining Property (as defined and discussed below), as applicable.

d) Effects of Failing to File an Objection to a Rejection Notice. If no Objection to a Rejection Notice is timely filed and served, the Debtors may submit the Rejection Order to the Court, and the applicable Contract or Lease shall be deemed rejected on the effective date set forth in the Rejection Notice (the "Rejection Date"); provided, however that the Rejection Date for a real property Lease shall not be earlier than the later of (i) the date the Debtors file and serve a Rejection Notice for the real property Lease and (ii) the date the Debtors relinquish control of the applicable Leased Premises by notifying the Landlord in writing of the Debtors' irrevocable surrender of the premises. Upon the Rejection Date, any personal property or furniture, fixtures, and equipment (the "Remaining Property") remaining on the Leased Premises shall be deemed abandoned by the Debtors. The Landlords may dispose of any Remaining Property, in their sole discretion, free and clear of all liens, claims, encumbrances, and interests, and without any liability to the Debtors and their estates and any third-party and without waiver of any claim the Landlords may have against the Debtors and their estates.

e) Consent Orders. Any Objection may be resolved without a hearing by an order of the Court submitted on a consensual basis by the Debtors and the objecting party.

f) Deadlines for Filing Claims. Claims arising out of the rejection of Contracts and/or Leases must be filed on or before the later of (i) the deadline for filing proofs of claims established by the Court in these Chapter 11 cases or (ii) thirty (30) days after the date of entry of the applicable Rejection Order. If no proof of claim is timely filed, such claimant shall not be treated as a creditor with respect to such claims for voting on any Chapter 11 plan in these Chapter 11 Cases and shall be forever barred from asserting a claim for rejection damages and from participating in any distributions that may be made in connection with the Debtors' bankruptcy cases.

g) Treatment of Security Deposits. If the Debtors have deposited funds with a Counterparty as a security deposit or other arrangement, such Counterparty may not setoff or otherwise use such deposit without the prior authority of this Court or agreement of the Debtors.

3. The form of Rejection Notice attached hereto as **EXHIBIT 1** is hereby approved.
4. The Debtors are hereby authorized to execute and deliver all instruments and

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Debtors: BlockFi Inc.
Case No. 22-19361(MBK)
Caption of Order: ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN
ORDER AUTHORIZING AND APPROVING PROCEDURES
FOR REJECTION OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES

documents, and take such other actions, as may be necessary or appropriate to implement and effectuate the Rejection Procedures as approved by this Order.

5. Entry of this Order is without prejudice to the rights of the Debtors, including but not limited to, the right to seek further, other, or different relief regarding any Contract or Lease pursuant to, among other things, Section 365 of the Bankruptcy Code.

6. All rights and defenses of the Debtors are preserved, including all rights and defenses of the Debtors with respect to a claim for damages arising as a result of the rejection of a Contract or Lease, including any right to assert an offset, recoupment, counterclaim or deduction. In addition, nothing in this Order or the Motion shall limit the Debtors' ability to subsequently assert that any particular Contract or Lease is terminated and is no longer an executory contract or unexpired lease.

7. Notwithstanding the relief granted herein and any actions taken hereunder, nothing in the Motion or this Order shall constitute, nor is it intended to constitute: (1) an admission as to the validity or priority or any claim against the Debtors; (2) a waiver of the Debtors' rights to dispute any claim; or (3) a rejection, assumption or assignment of any Contractor Lease pursuant to Section 365 of the Bankruptcy Code.

8. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement and implementation of this Order.

EXHIBIT 1

Form of Rejection Notice

COLE SCHOTZ P.C.

Michael D. Sirota, Esq. (NJ Bar No. 014321986)
Warren A. Usatine, Esq. (NJ Bar No. 025881995)
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*Proposed Attorneys for Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:
BLOCKFI INC., *et al.*,
Debtors¹

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

NOTICE OF REJECTION OF EXECUTORY CONTRACTS AND LEASES

TO: The Parties Identified on Schedule 1 Attached Hereto:

PLEASE TAKE NOTICE that on January [-], 2023, the United States Bankruptcy Court for the District of New Jersey (the “Bankruptcy Court”) entered an order [Docket No. ____] (the “Rejection Procedures Order”) granting the *Debtors’ Motion for Entry of an Order Authorizing*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors’ service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

and Approving Procedures for Rejection of Executory Contracts and Unexpired Leases [Docket No. ____] (the “Motion”), approving certain procedures for the rejection of executory contracts and unexpired leases of the Debtors.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Rejection Procedures Order, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby provide notice of their intent to reject the Contracts and/or Leases identified on Schedule 1 hereto (the “Contracts and Leases”) pursuant to the terms of the Rejection Procedures Order and the *Proposed Order Approving the Rejection of Contracts and Leases* attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that should you object to the Debtors’ rejection of a Contract or Lease identified on Schedule 1 hereto, you must file and serve a written objection on: (1) proposed attorneys for the Debtors, Cole Schotz P.C., Court Plaza North, 25 Main Street, Hackensack, New Jersey 07602, Attn: Michael D. Sirota, Esq., msirota@coleschotz.com, Warren A. Usatine, Esq., wusatine@coleschotz.com, and Haynes and Boone, LLP, 30 Rockefeller Plaza, 26th Floor, New York, NY 10112 Attn: Richard Kanowitz, Esq., richard.kanowitz@haynesboone.com and Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219, Attn: Eli Columbus, Esq., eli.columbus@haynesboone.com and Jordan Chavez, Esq., Jordan.chavez@haynesboone.com, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022 Attn: Joshua Sussberg, Esq., jsussberg@kirkland.com and Christine Okike, Esq., christine.okike@kirkland.com; (2) Office of the United States Trustee, One Newark Center, 1085 Raymond Boulevard, Suite 2100, Newark, New Jersey 07102, Attn: Lauren Bielskie, lauren.bielskie@usdoj.gov and Jeffrey M. Sponder, Jeffrey.m.sponder@usdoj.gov, and (3) to any official committee appointed in these Chapter 11 Cases (collectively, the “Objection Notice

Parties”), so that such objection is filed with the Bankruptcy Court and received by the Objection Notice Parties no later than _____, 2023, which is fourteen (14) days after the date that the Debtors filed and served this Rejection Notice.

PLEASE TAKE FURTHER NOTICE that absent an objection being filed and served in compliance with the Rejection Procedures Order, the Rejected Contracts and Leases will be rejected pursuant to Section 365(a) of the Bankruptcy Code effective as of the date set forth on Schedule 1 to this Rejection Notice (the “Rejection Date”) or, if no such date is set forth therein, the Rejection Date shall be the later of (i) the date of this Rejection Notice and (ii) the date of surrender of the leased property.

PLEASE TAKE FURTHER NOTICE that if an objection is timely filed and served on the Objection Notice Parties as specified above, and cannot be resolved, the Debtors shall seek a hearing on such objection and shall provide at least seven (7) days’ notice of such hearing to the objecting party and the Objection Notice Parties. If such objection is overruled by the Bankruptcy Court or withdrawn, the rejection of the Rejected Contracts and Leases shall be deemed as effective the rejection shall be deemed effective (a) as of the Rejection Date, or (b) as otherwise determined by the Bankruptcy Court as set forth in any order overruling such objection.

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Rejection Procedures Order, if the Debtors have deposited monies with you as a security deposit or other arrangement, you may not setoff, recoup, or otherwise use such deposit without prior authorization from the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that pursuant to the terms of the Rejection Procedures Order, for any claim that you may assert against the Debtors as a result of the rejection of any Rejected Contract or Lease, you must submit a proof of claim for damages arising from

such rejection on or before the later of (i) the deadline for filing proofs of claim established by the Bankruptcy Court in the Debtors' Chapter 11 Cases, or (ii) thirty (30) days after the Rejection Date. If you do not timely file such proof of claim, you will not be treated as a creditor with respect to such claim for voting on any Chapter 11 plan in the Debtors' Chapter 11 Cases and shall be forever barred from asserting a claim for rejection damages arising from the rejection of the Rejected Contract and Leases or from participating in any distributions that may be made in connection with these Chapter 11 Cases.

Respectfully submitted,

Dated: [-], 2023

/s/ *DRAFT*

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SCHEDULE 1

| REJECTION SCHEDULE | | | | |
|---------------------------|-----------------------------|-----------------------------------|---|-----------------------|
| Counterparty | Counterparty Address | Title/Description of Lease | Property to be Abandoned (if applicable) | Rejection Date |
| | | | | |
| | | | | |

| PROPERTY TO BE ABANDONED | |
|--|--|
| Description of Property to be Abandoned (if applicable) | Counterparty to Personal Property Lease (if applicable) |
| | |
| | |

EXHIBIT A TO REJECTION NOTICE

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

**Caption in Compliance with D.N.J. LBR 9004-1(b)
COLE SCHOTZ P.C.**

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Proposed Attorneys for Debtors and Debtors in Possession

In re:

BLOCKFI INC., *et al.*,

Debtors¹

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

Hearing Date and Time:

**ORDER APPROVING THE REJECTION OF EXECUTORY
CONTRACTS AND LEASES**

The relief set forth on the following pages, numbered two (2) through three (3), is hereby
ORDERED.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302

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Debtors: BlockFi Inc.
Case No. 22-19361(MBK)
Caption of Order: ORDER APPROVING DEBTORS' REJECTION OF
EXECUTORY CONTRACTS AND LEASES

Pursuant to and in accordance with the *Order Establishing Procedures for the Rejection of Executory Contracts and Unexpired Leases* [Docket No. ____] (the “Rejection Procedures Order”);¹ and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 157 and 1334; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of these cases and this matter is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having properly filed and served a “Notice of Rejection of Executory Contracts and/or Unexpired Leases” [Docket No. ____] (the “Rejection Notice”) in accordance with the terms of the Rejection Procedures Order in respect of the rejection of the executory contracts (the “Contracts”) and/or unexpired leases (the “Leases”) set forth on Exhibit 1 hereto; and no timely objections having been filed to the rejection of the Contracts and Leases; and it appearing that due and adequate notice of the Rejection Procedures Order and the Rejection Notice has been given, and that no other or further notice need be given; and the Court having determined that the rejections provided for herein are an appropriate exercise of the Debtors’ business judgment; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby **ORDERED:**

1. Contracts and Leases listed on **EXHIBIT 1** hereto are hereby rejected effective as of the dates set forth for such Contracts and Leases listed on **EXHIBIT 1** hereto (the “Rejection Date”).

2. The rights of the Debtors and their estates to assert that the Contracts and Leases are rejected hereby expired by their own terms or were terminated prior to the date hereof and fully preserved, and the Debtors and their estates do not waive any rights or claims that they may have

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Rejection Procedures Order.

(Page 3)

Debtors: BlockFi Inc.

Case No. 22-19361(MBK)

Caption of Order: ORDER APPROVING DEBTORS' REJECTION OF
EXECUTORY CONTRACTS AND LEASES

with respect or against the counterparties to such Contracts and Leases, whether or not such rights or claims arise under, are related to the rejection of, or are independent of the Contracts and Leases rejected hereby.

3. If any affected counterparty subject to this Order (a "Rejection Claimant") asserts a claim or claims against the Debtors and their estates arising from the rejection of the Contracts and Leases, such Rejection Claimant shall submit a proof of claim on or before the later of (i) the deadline for filing proofs of claims established by the Court in these Chapter 11 Cases or (ii) thirty (30) days after the date of entry of this Order. If no proof of claim is timely filed, such claimant shall not be treated as a creditor with respect to such claims for voting on any Chapter 11 plan in these Chapter 11 Cases and shall be forever barred from asserting a claim for rejection damages and from participating in any distribution that may be made in connection with the Debtors' bankruptcy cases.

4. The Debtors are authorized to take any action necessary or appropriate to implement the terms of this Order and the rejections without further order from this Court.

5. This Court shall retain exclusive jurisdiction and power to resolve any dispute arising from or related to this Order.

EXHIBIT 1

| REJECTION SCHEDULE | | | | |
|--------------------|----------------------|----------------------------|--|----------------|
| Counterparty | Counterparty Address | Title/Description of Lease | Property to be Abandoned (if applicable) | Rejection Date |
| | | | | |
| | | | | |

| PROPERTY TO BE ABANDONED | |
|---|---|
| Description of Property to be Abandoned (if applicable) | Counterparty to Personal Property Lease (if applicable) |
| | |
| | |